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SUBJECT: HAITI: CODEL CONYERS MEETS PRESIDENT, PRIME MINISTER

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11. This message is sensitive but unclassified-please protect accordingly.

Summary
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12. (SBU) A Congressional Delegation led by House Judiciary Committee Chairman John Conyers heard President Preval and Prime Minister Pierre Louis make the case that Haiti is at a turning point and needs additional help in the form of budget support. At the international donors conference in Washington April 14-15, Haiti will lay out its priorities of boosting road building and electricity and agricultural production. The President argued that foreign donors should channel more assistance through the Government rather than through NGOs. The Prime Minister praised HOPE 2 legislation for creating jobs. Her government's program focused on improving the lot of the Haitian people and reforming the dysfunctional judicial system. Chairman Conyers and his delegation promised the U.S. would continue to support Haiti. End summary.

13. (SBU) Chairman Conyers led a congressional delegation that included Lamar Smith (R-TX), Jan Schakowsky (D-IL), Donna Christensen (D-V.I.), and Anthony Weiner (D-NY). Accompanying the delegation were Bob Creamer (Schakowsky spouse), and Judiciary Committee Professional Staff members Keenan Keller, Sean McLaughlin, Cynthia Martin, and Alli Halataei. Dr. Paul Farmer accompanied the delegation in their meeting with President Preval. The Ambassador and PolCouns (notetaker) attended for the Embassy.

President Preval: Haiti Has Unique Opportunity
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14. (SBU) President Preval told the delegation in their April 6 meeting that he agreed with former President Clinton's recent statement that for the first time in thirty years, Haiti has an opportunity for making economic progress. The country had made important progress, achieving political stability and it was moving toward holding Senate elections. An impartial electoral authority, with representation from all political parties and churches, was organizing these elections. Now Haiti had to achieve economic progress. The President recalled that the 2008 hurricanes had dealt Haiti a severe blow, causing USD 1 billion in infrastructure losses. He professed not to know whether collapsed bridges were being rebuilt (Note: They are, with help from USAID and the World Bank).

Haiti deserves international support, the President declared.

International Support, Debt Relief

15. (SBU) Chairman Conyers said he was optimistic Haiti could move ahead with international support. We needed a comprehensive strategy to meet all Haiti's challenges, which had deep historical roots. International organizations gave Haiti a mere pittance and attached onerous conditions. These set Haiti up for failure. Haiti had an opportunity with the new U.S. Administration. Congresswoman Schakowsky asked about the possibility of debt relief.

16. (SBU) The President recounted that Haiti had worked with the IMF on fiscal and monetary reforms since 2006. Haiti would soon complete this program, resulting in the elimination of USD 1.1 billion in debt, which would remove USD 70 million in debt service per year. Yet Haiti continued to face severe economic challenges. It had brought inflation down from 40 percent in 2004 to 7 percent before the hurricanes in the summer of 2008. GDP growth had risen to 3.4 percent before the 2008 storms. Haiti now needed to create jobs through public investment and supporting the private sector.

Donors Should Channel More Aid through Government of Haiti

17. (SBU) Congressman Smith said that the omnibus bill the Congress had recently passed contained USD 250 million for Haiti. He asked what additional funds Haiti needed. Preval said Haiti needed a lot more. Paul Farmer remarked that a large part of foreign assistance had gone to NGOs. His NGO, Partners in Health, had immediately put this money back into the public sector. The President conceded that NGOs had to play a strong role in weak states like Haiti, but he urged that donors increase the amount of funding given directly to

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government entities, so that Haiti would implement its own programs. He had heard that donor countries and IFIs were pouring billions into Eastern Europe and Gaza. It was a pity, he joked, that Haiti was not a former communist country, or a country at war or one that faced a guerrilla insurgency.

The Corruption Factor

18. (SBU) Congressman Weiner emphasized that the members of this delegation all support foreign aid. The U.S. provides a great deal of assistance through NGOs because of government corruption. Preval acknowledged that Haiti is prey to corruption because it was a weak state. But he was trying to strengthen the Haitian state and had introduced mechanisms for fighting corruption and smuggling. As an underdeveloped country, the corruption that plagued Haiti was on a petty scale. With wages so low -- and President himself entitled to a pension of only USD 200 per month -- civil servants would inevitably accept illegal payments, because it was the only way to feed their families. Preval claimed that NGOs practiced just as much corruption as Haitian officials. There was less corruption in Haiti than in other countries. Haiti did not deserve its bad reputation on corruption and security. Foreign countries "should not judge Haiti." In any case, his government had an unshakeable will to fight corruption.

19. (SBU) Dr. Farmer remarked that he had not experienced much corruption in Haiti. He had observed, however, that NGOs and church groups bringing aid were proliferating and operating with no coordination. His organization, Partners in Health (PIH), was relatively ineffective for its first 15 years in Haiti, but had then begun partnering with the Ministry of Health. It now treated three million patients per year. "Privatization" was not the answer: the bulk of Haiti's education system was private, yet Haiti had a very low literacy rate. It was better if NGOs worked with the government.

Haiti's Aid and Development Priorities

¶10. (SBU) Preval said Haiti would try to mobilize international aid for three purposes: 1) building three strategic stretches of road, 2) building up farming in three major agricultural planes: the Artibonite, Torbeck, and the (Maribalai) area of the Northeast, and 3) increase Haiti's electrical generating capacity from 100 to 125 MW. Simply making the existing system more reliable would cost USD 13 million. The government's strategy was to pursue simple goals with quick, visible results that would help preserve social stability.

Drugs

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¶11. (SBU) Congresswoman Christensen asked how the U.S. could better help the fight the flow of drugs through Haiti, and Preval replied that most effective step the U.S. could take was to reduce its drug consumption. Drugs corrupted Haiti's police, parliamentarians, officials, and judges. Half jokingly, Preval said that if Haiti's did not receive more counternarcotics help, the only solution would be to liberalize drug laws. Congresswoman Christensen said that the U.S. would work on drug demand reduction.

Elections

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¶12. (SBU) Congresswomen Christensen also expressed concern about the exclusion of all Fanmi Lavalas candidates from the Senate elections.

On the election issue, Preval said that the Provisional Electoral Council, Haiti's independent election authority, had simply applied Haitian law, which demands that a party's candidates be designated according to that party's internal statutes. Fanmi Lavalas had not followed those rules, and in fact had nominated three candidates for one Senate post. (Note: different wings of the party nominated different candidates for a few of the 12 Senate seats being contested in the April 19 elections. End note)

¶13. (SBU) Congresswoman Schakowsky stated that the new U.S. Administration clearly understood the need in Haiti for investment,

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infrastructure, and bringing stability and development. President Preval closed by quoting former President Clinton to the effect that Haiti was at a turning point: failing to take advantage of this opportunity would set Haiti back 10 to 15 years.

Prime Minister: HOPE 2 Creating Jobs

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¶14. (SBU) The Ambassador hosted a breakfast April 7 for the Congressional delegation that include Prime Minister Michele Pierre-Louis, Minister of Justice Joseph Exume, and Minister of Economy and Finance Daniel Dorsainvil. The Prime Minister said that HOPE 2 trade preferences had already created 23,000 jobs, could create 50,000 by the end of 2009, and had the potential to create up to 250,000 jobs in total. Replying to Chairman Conyers' observation that factories should not come in to exploit cheap Haitian labor for a few years and then leave, the PM said that HOPE 2 legislation mandated a tripartite commission including the government, management and labor. Haiti needed to expand its base of investors to engage in areas beyond partial assembly.

Haitian Government Priorities

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¶15. (SBU) Chairman Conyers argued that Haiti needed a comprehensive plan integrating all critical issues. The Prime Minister said that that every element in her government's vision aimed to benefit the Haitian people. She mentioned the priorities of job creation and giving birth certificates and other identity papers to the 60 percent of the Haitian population that didn't have them. Immediate goals were to improve governance, fight corruption, and increase per capita income. Schools and health centers had to be rebuilt, road rebuilt, and agriculture stimulated. The country needed more doctors and teachers. This would require increased government expenditures. The government now is able to cover only 30-40 percent of its investment budget. The government needs to fill a

USD 125 million budget gap this year, either through direct budget support or through swaps. The Prime Minister argued that drugs are the most destabilizing factor for Haiti. Traffickers sought political power by running for parliament and the immunity a legislative seat conferred. Drug money was a major factor behind corruption, especially for judges.

Government Policy to Encourage Investment

¶16. (SBU) Minister of Finance and Economy Dorsainvil added that the judicial system must uphold the rights of investors. Public money would be very important to stimulate economic growth, build infrastructure, and make available industrial space for investors, especially outside the capital. Even if Haiti collected 25 percent of GDP in taxes (Note: it collects barely more than 10 percent. End note) Haiti would barely cover its current budget, which in any case was inadequate for the country's needs. The one bright spot was the drop in inflation. While month-on-month inflation had been 4.5 percent Feb-Mar 2008, during the peak of the energy and food price inflation, continuation of current trends would leave 2009 with an annual inflation rate of below one percent.

Haiti's Judiciary

¶17. (SBU) Responding to Congresswoman Christensen's question about what the Ministry of Justice needed, Minister of Justice Exume explained that the three elements under his control --judges/prosecutors, police and the penitentiary system-- failed to work together properly. Judges were corrupt. The judiciary was non-functional; many judges did not even show up for work regularly. The U.S. is helping Haiti re-make the judiciary, the correctional system, and the police. The large number of persons held in pre-trial detention was an indicator of the judiciary's failure to bring accused persons to trial. Although Haiti had a low incarceration rate --its 8,000 prison inmates were barely 1 percent of the population-- detention facilities were terribly overcrowded. There was less than one square meter of space per prisoner, whereas 2.5 was needed.

Crime is Down

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¶18. (SBU) The Prime Minister pointed out that kidnapping had decreased. A large-scale anti-kidnapping police operation last November had prevented the usual upsurge in kidnappings around Christmas. There had been 260 kidnappings in December 2007, but only 5 in December of last year.

Role of Local Government

¶19. (SBU) Congressman Weiner suggested that Haiti allow a greater role for local government. The PM conceded that the complicated system of local government mandated by Haiti's constitution often produced conflicts. Each municipality had a mayor and two deputies, who often did not work well together. Justice Minister Exume pointed out that there was a high level of corruption in the municipalities. Minister of Economy and Finance Dorsainvil said that the municipalities suffered from lack of capacity, such as accountants. The Ministry of Interior was training 140 accountants to assign to municipalities.

¶20. (SBU) When Congressman Weiner suggested that high energy and transport costs gave an advantage to countries such as Haiti that lay close to their main export markets, the PM observed that the costs of operating were also high in countries that Haiti competed with. Haiti was at a turning point and still needed U.S. assistance, especially of the kind provided by HOPE 2. Chairman Conyers concluded by expressing 'cautious optimism' about Haiti's future.

¶21. This cable was not cleared by Congressman Conyers' Professional

Staffer Keenan Keller.

Sanderson